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§16–503.

(a) An annuity contract may not be delivered or issued for delivery in the State on or after the operative date of this subtitle unless the annuity contract contains:

(1) each applicable provision of subsections (b) through (g) of this section; or

(2) corresponding provisions that the Commissioner believes are at least as favorable to the contract holder after payment of considerations under the annuity contract stops.

(b) Each annuity contract shall contain a provision that when payment of considerations under the annuity contract stops or on the written request of the contract owner, the insurer will grant a paid-up annuity benefit on a plan stipulated in the annuity contract in compliance with §§ 16-505 through 16-509 of this subtitle.

(c) (1) Each annuity contract shall contain a provision that if the annuity contract provides for a lump-sum settlement at maturity or at any other time, on surrender of the annuity contract on or before the start of annuity payments, the insurer will pay a cash surrender benefit in accordance with §§ 16-505, 16-506, 16-508, and 16-509 of this subtitle instead of a paid-up annuity benefit.

(2) (i) The annuity contract may state that the insurer shall reserve the right to defer the payment of the cash surrender value for up to 6 months after demand for payment with surrender of the annuity contract.

(ii) 1. Before making a deferment under subparagraph (i) of this paragraph, the insurer shall make a written request to the Commissioner to make the deferment under subparagraph (i) of this paragraph.

2. The request under subsubparagraph 1 of this subparagraph shall address the necessity of the deferral and the equitability to all policyholders of the deferral.

(iii) After receiving written approval from the Commissioner on the request made under subparagraph (ii)1 of this paragraph, the insurer may defer the payment of the cash surrender value.

(d) Each annuity contract shall contain a statement of any mortality table and interest rates used to calculate any minimum paid-up annuity, cash surrender, or death benefits, guaranteed by the annuity contract and shall provide sufficient information to determine the benefit amounts.

(e) (1) Each annuity contract shall contain a statement that any paid-up annuity, cash surrender, or death benefits available under the annuity contract are not less than the minimum benefits required under this article.

(2) Each annuity contract shall contain an explanation of how benefits are altered due to any additional amount that the insurer credits to the annuity contract, any indebtedness to the insurer on the annuity contract, and any prior withdrawal from or partial surrender of the annuity contract.

(f) If an annuity contract does not provide cash surrender benefits or does not provide death benefits that equal at least the minimum nonforfeiture amount before the start of annuity payments, the annuity contract shall contain a provision that so states in a prominent place in the annuity contract.

(g) (1) Notwithstanding the requirements of this section, a deferred annuity contract may contain a provision that the insurer may terminate the contract by making a single payment calculated under paragraph (2) of this subsection if:

(i) no considerations have been received under the contract for 2 years; and

(ii) the part of the paid-up annuity benefit at maturity under the contract that is available from the considerations paid before termination would be less than $20 per month.

(2) The payment shall equal the present value of the part of the paid-up annuity benefit available under the contract, calculated as of the date of termination, based on any mortality table and interest rate specified in the contract for determining the paid-up annuity benefit.

(3) A payment by an insurer under this section shall relieve the insurer of any further obligation under the deferred annuity contract.

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